

NGO Guidebook on ADB Series

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# **ADB and Japan**

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## **Preface**

The NGO Forum on ADB (Forum), which was founded in 1992, is a network of diverse Non-Government Organizations (NGOs), People's Organizations (POs), and other civil society groups doing advocacy work related to the Asian Development Bank (ADB). The Forum is based in Manila, Philippines, which is near the ADB's Headquarters. This proximity has enabled the Forum to maximize opportunities for campaign on the ADB in close cooperation with its various partners in the region. The Forum monitors projects, programs, and policies of the ADB to ensure that the Bank is accountable to its member-country stakeholders.

For the Forum, the generation of publications is one major activity to focus on. Based on our campaigns on the ADB over the past decade, we figured out that a number of groups in Asia are interested in working on the ADB, but sometimes it is difficult for them to identify how they should actually conduct their activities. Part of the reason is the very limited available information related to the ADB especially at the community level. Although publications generation is an area under information facilitation work that needs to be strengthened within the Forum, a major problem remains: the ADB's information dissemination system. In many cases, the ADB is "reactive" in its information dissemination and hence a number of stakeholders do not simply have access to very basic information as who's who at the ADB, what they do, etc.

In an effort to respond to this need, the Forum thought of a "Guidebook Series" featuring key issues on the ADB. The target readers of the guidebooks are any NGOs, POs, and community-based groups, who want to and/or just are starting to work on the ADB. In addition to writing a summary of the ADB's key issues, in the guidebook we attempt to include 'NGO views' to share what we think is important. The Forum will continue to identify key issues as timely as we can and produce such guidebooks as regularly as possible. We hope that these will serve as relevant resources for our partners in considering how they challenge the Bank. We also hope to translate these guidebooks into other Asian languages, if the need arises.

The guidebook "ADB and Japan" is the first in the series published by the Forum. It has been said that ADB is a Japanese-led institution since its establishment. Although a number of Bank staff tends not to accept this view, it cannot be denied that the ADB is much dominated by Japan in terms of the staffing as well as financial contribution, compared with other member countries. Furthermore, judging from our experience, the ADB's institutional culture seems different from other institutions like the World Bank, which means that we are able to see the implications in various parts of the ADB's operations from "Asian" or "Japanese" perspectives. In challenging the Bank, a keen knowledge of its institutional culture contributes to evolving our campaign strategies. We hope that through this guidebook, the readers can have a basic understanding on how the ADB operates with the strong influence of Japan.

25 April 2001

**Takahiro Nanri**

*Convenor/Head*

*NGO Forum on ADB*

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## List of Acronyms

ACCSF	Asian Currency Crisis Support Facility
ADB	Asian Development Bank
ADB I	ADB Institute
ADF	Asian Development Fund
BHN	Basic Human Needs
DAC	Development Assistance Committee
DMCs	Developing Member Countries
Ex-Im Bank	Export-Import Bank of Japan
HIPCs	Heavily Indebted Poor Countries
IMF	International Monetary Fund
IPA	Interest Payment Assistance
JACSES	Japan Center for a Sustainable Environment and Society
JANNI	Japan NGO Network on Indonesia
JATAN	Japan Tropical Forest Action Network
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
JOCV	Japan Overseas Cooperation Volunteers
JPRF	Japan Poverty Reduction Fund
JRO	Japanese Representative Office
JSF	Japan Special Fund
JVC	Japan International Volunteer Center
LDCs	Least Developed Countries
MDB	Multilateral Development Bank
METI	Ministry of Economy, Trade and Industry, Japan
MHLW	Ministry of Health, Labor and Welfare, Japan
MLIT	Ministry of Land, Infrastructure and Transport, Japan
MoF	Ministry of Finance, Japan
MoFA	Ministry of Foreign Affairs, Japan
NGO	Non-Governmental Organization
NMI	New Miyazawa Initiative
OCR	Ordinary Capital Resources
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OOF	Other Official Flows
PF	Private Flows
PPTA	Project Preparation Technical Assistance
TA	Technical Assistance
TASF	Technical Assistance Special Fund
UNCED	United Nations Conference on Environment and Development

# 1. Introduction

Japan plays a major role in the social/economic development of the world's developing countries. Since 1989, Japan has been the world's top donor of bilateral official development assistance (ODA)<sup>1</sup>. It is also the second largest donor after the United States to international financial institutions such as the International Monetary Fund (IMF) and multilateral development banks (MDBs).

The Asian Development Bank (ADB) is one of these MDBs offering loans and technical assistance to Asia's developing countries, with the goal of promoting their social and economic development. Japan, along with the United States, is the top donor to ADB, and wields a wide-ranging and powerful influence over its financing and policy-making process. In addition to the ADB's ordinary capital resources (OCR) and the Asian Development Fund (ADF), Japan contributes large amounts of funds through the Japan Special Fund (JSF) and the Japan Poverty Reduction Fund (JPRF). Furthermore, ADB co-finances many loans with other private- or public-sector financial organizations, and here Japan serves as a major partner of ADB's cofinancing projects in Asian countries. The role Japan plays in ADB is much like that of the United States in the World Bank. Japan has been the top donor to ADB and has provided its presidents ever since its establishment. In the selection of ADB president, the Japanese Ministry of Finance is said to wield great power.

Clearly then, Japan has immense influence on the course plotted by ADB regarding its developmental policies and the quality of the projects supported by its loans. However, in spite of the huge influence wielded by Japanese public funds through ADB, public awareness in Japan on ADB issues is very low. Moreover, although exercising great power within ADB, Japan has a long way to go in demonstrating its leadership in the area of environmental and social accountability of ADB for its loan projects.

In this guidebook, Japan's relationship with ADB is discussed, focusing on such issues as the flow of Japanese funds to ADB and its various channels; co-financing schemes with Japanese ODA, Japan's involvement in ADB policy-making, and advocacy activities carried out by Japanese nongovernmental organizations (NGOs).

## 2. Overview

### 2.1 Japan's presence at the ADB

In addition to being the top donor for bilateral ODA, as previously mentioned, Japan is second only to the United States as a contributor to MDBs. Japan has been particularly heavily involved with the ADB, in financial contributions as well as in its personnel.

Japan has been the top donor to ADB ever since its establishment and has provided all of its presidents (*Table 1*). The United States and Japan are the two largest shareholders, with each holding 15.9 percent of the shares, and hold the largest voting shares, each with 13.1 percent as of the end of December 2000. The voting share of an ADB member country is a direct reflection of its shareholding. Together, the United States and Japan, the top two donor countries, control about 26 percent of the ADB's total voting shares, reflecting the great influence these two countries have in the decision-making process of the ADB Board of Directors.

**Table 1. ADB Presidents (1966-2001)**

	NAME	PERIOD
1	Takeshi Watanabe	November 24, 1966 - November 24, 1972
2	Shiro Inoue	November 25, 1972 - November 23, 1976
3	Taroichi Yoshida	November 24, 1976 - November 23, 1981
4	Masao Fujioka	November 24, 1981 - November 23, 1989
5	Kimimasa Tarumizu	November 24, 1989 - November 23, 1993
6	Mitsuo Sato	November 24, 1993 - January 15, 1999
7	Tadao Chino	January 16, 1999 - present

In addition to contributions from shareholder countries and borrowings from private capital markets, ADB directly manages several funds. Here also, Japan provides about half the funds for the Asian Development Fund (ADF), and is the top contributor to the special funds such as the Japan Special Fund (JSF, a fund for technical assistance grants for development studies) and the Japan Poverty Reduction Fund (JPRF, a fund for small-scale projects to combat poverty).

In terms of personnel, Japanese nationals hold many important posts in the ADB Management, including the Directors in the Departments of Strategy and Policy; Program West; Budget, Personnel and Management Systems; and the Treasurer (*Table 2*). Also, about 80 Japanese personnel (12 percent of the total ADB staff) are working as expert staff (as of February 2000).

**Table 2. Japanese Nationals Holding Senior Staff Positions at ADB**

<b>POSITION</b>	<b>NAME</b>
Director of Strategy and Policy Department	Shoji Nishimoto
Director of Program West Department	Yoshihiro Iwasaki
Director of Budget, Personnel and Management Systems	Masakazu Sakaguchi
Treasurer	Shinji Ichishima
Director of Agriculture and Social Sectors Department (Program West)	Satoshi Seki
Deputy General Counsel, Office of the General Counsel	Eisuke Suzuki
Manager of Forestry and Natural Resources Division, Agriculture and Social Sectors Department (Program West)	Toru Shibuishi
Program Manager of Division East 2- Indonesia, Malaysia, Philippines, Singapore, Program East Department	Ayumi Konishi
Program Manager of Division West 2- Bangladesh, Bhutan , India (Program West )	Kazu Sakai
Manager of Transport and Communication Division, Infrastructure, Energy and Financial Sectors Department (Program West)	Tadashi Kondo
Manager of Budget and Management Services Division, Budget, Personnel and Management System Department	Kunio Chiga

The policies and official positions of the Japanese government are reflected through the ballots cast and statements made by the Japanese Executive Director at the ADB Board of Directors meetings. The real decisions, however, are made at the Development Institutions Division, International Bureau of the Ministry of Finance (MoF), which is the Japanese governmental branch charged with MDB affairs. The seat held by the Japanese Executive Director and many important positions in ADB have traditionally been held by former bureaucrats of those temporarily transferred from the MoF and former officials of government-affiliated development/financial institutions that have close ties with the MoF. While the ADB President is elected by the Board of Governors (usually serves a five-year term), this process has been criticized for its lack of transparency. It is said that the nominee is invariably a former high-ranking MoF official or someone with close ties to MoF. Judging from the fact, it can be noted that important functions of the ADB are under the authority of a Japanese national, including such functions as overall strategy (SPD), budget and staffing (BPMD), borrowing/fund-raising (Treasury Department), in addition to operational aspects.

Japan holds such an important position and exercises such tremendous power within ADB that one ADB Executive Director has remarked “the ADB is an institution funded by the Japanese, controlled by the Japanese, and run by the Japanese”<sup>2</sup>. In particular, it is the MoF that is heavily involved. As stated earlier, Japan is the world’s top donor in bilateral ODA, about 60 percent of which goes to developing countries in Asia<sup>3</sup>. In addition, many countries receive loans co-financed by Japanese ODA and ADB funds. It is clear to see, then, that the connection that ADB has with Japanese ODA is much stronger than that with any other nations.

#### **BOX 1 : Japanese ODA: mechanisms and basic policies**

Here we present a brief outline of the public funds flowing from Japan to developing countries. In general, development funds that Japan provides to developing countries can be classified into three types: 1) ODA, 2) other official flows (OOF), and 3) private flows (PF). This flow of funds takes place under the divided jurisdictions of several ministries and agencies, and is executed by special organizations set up for this purpose.

ODA (which does not include military assistance) consists of funds provided by the Japanese government (or governmental organization) that go to developing countries and international organizations. Its main objective is to promote economic development and the welfare of developing countries. Strictly speaking, the term “official development assistance” applies only when it contains a grant element of at least 25 percent.

ODA is further divided into bilateral and multilateral assistance. The former refers to cases when the donor government provides funds directly to the government (or governmental organization) of a developing country. Bilateral assistance can take the form of grants, i.e., funds for which repayment is unnecessary, or loans, which carry low interests and which have relatively long periods of repayment. Japan’s bilateral grants consist of “General Grant Aid,” which is for construction of facilities or purchase of materials and equipment considered necessary for the economic and social development of the recipient country, mainly focusing on BHN projects, and “Technical Cooperation,” where Japan receives trainees from, or dispatches experts to, developing countries and provision of equipments and materials associated with the human resources mentioned above. Also, many development studies, such as master plan of sectoral or regional development and feasibility study, are undertaken as a form of Technical Cooperation for developing countries. These studies greatly influence types and/or approaches of Japan’s ODA projects or programs. Bilateral grants are executed by the Japan International Cooperation Agency (JICA) under the jurisdiction of the Ministry of Foreign Affairs(MoFA). Meanwhile, Japan’s bilateral loans are extended for the purpose of construction of the social and economic infrastructure of developing countries, such as dams and highways, and provision of funds needed for emergency import of daily necessities. Japan also often provides structural adjustment loans as a form of co-financing with multilateral development banks, such as World Bank and ADB. Bilateral loan assistance takes place under the jurisdiction of the Ministry of Finance, Foreign Affairs, and Ministry of Economy, Trade and Industry, and executed by the Japan Bank for International Cooperation (JBIC). The share of bilateral grant aid and loan assistance is divided into 53 percent and 47 percent respectively.

Multilateral assistance refers to the kind of assistance offered by international organizations, using funds contributed by their member governments, to the governments and other official bodies of developing countries in the form of grants and loans. Such international organizations include multilateral development banks (MDBs), such as the World Bank, ADB, etc., and also United Nations organizations like the United Nations Development Programme (UNDP). About one-fifth of Japanese ODA goes to multilateral assistance. Within Japan, multilateral assistance channeled through the various MDBs or the International Monetary Fund (IMF) falls under the jurisdiction of the Ministry of Finance (MoF), while those going to United Nations organizations are under the jurisdiction of the Ministries of Foreign Affairs (MOFA), Transport, and Health and Welfare.

OOF refers to the flow of official funds to developing countries other than ODA (i.e., with a grant element of less than 25 percent). This includes export credits and direct investments that are handled by JBIC . The Ministries of Finance, Foreign Affairs, and Ministry of Economy, Trade and Industry formulate most policies concerning ODA and OOF.

All other funds going from Japan to developing countries are called private flows (PF), which consist of export credits, direct loans, loans to international organizations, etc., extended by private corporations.

In terms of amount, Japan's ODA represents 46.2 percent of the approximately US\$ 6.64 billion (1997) offered by Development Assistance Committee (DAC) member countries to developing countries in Asia, showing how extensive Japan's influence is in the Asian region.

In 1992, the Japanese government announced its ODA Charter. This document states that the decision to extend ODA should be made upon "taking into account comprehensively each recipient country's requests, its socio-economic conditions, and Japan's bilateral relations with the recipient country" based on principles promulgated in the United Nations Charter (especially those of sovereignty, equality, and non-interference in internal affairs) as well as the following four principles:

1. Environmental conservation and development should be pursued in tandem.
2. Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.
3. Full attention should be paid to trends in recipient countries' military expenditures, their development and production of mass destruction weapons and missiles, their export and import of arms, etc., so as to maintain and strengthen international peace and stability, and from the viewpoint that developing countries should place appropriate priorities in the allocation of their resources on their own economic and social development.
4. Full attention should be paid to efforts for promoting democratization and introduction of a market-oriented economy, and the situation regarding the securing of basic human rights and freedom in the recipient country.

In August 1998, the Japanese government announced a Mid-Term Policy on Official Development Assistance. Here the government set forth its basic policy, key issues, and approach of assistance on a region-by-region basis, etc., for ODA to be implemented during the five-year period beginning in 1999. This Mid-Term Policy set forth as its pillar the objectives stated in the New Development Strategy as adopted by the DAC of the Organization for Economic Cooperation and Development (OECD), including the reduction of share of the world's population living in poverty to one-half of present levels.

[Details regarding the ODA Charter, the Mid-Term Policy, country plans for assistance, etc., are available on the Website on ODA established by the Ministry of Foreign Affairs at <http://www.mofa.go.jp/policy/oda/inde.html>.](http://www.mofa.go.jp/policy/oda/inde.html)

## **2.2 Japan's financial contributions to ADB**

ADB's financial resources consist of ordinary capital resources (OCR) and special funds. The former consists of capital contributions from shareholder governments, loans obtained from the private capital market, and accumulated retained income, which constitutes the reserve funds. For the subscribed capital provided by shareholder countries, Japan and the United States each contributes US\$ 7,195 million (as of December 2000), or 15.9 percent of the total share (*Table 3*).

Meanwhile, special funds, set up for the purpose of providing loans with concessional terms, are furnished mainly by contributions made by industrialized donor countries. Examples of such funds include the Asian Development Fund (ADF), Technical Assistance Special Fund (TASF), Japan Special Fund (JSF), ADB Institute (ADBI) Special Fund, and the Japan Poverty Reduction Fund (JPRF).

Japan is the largest contributor to such special funds administered by ADB. As of December 2000, Japan has provided approximately US\$ 10.6 billion to the ADF. In addition, Japan contributes funds entirely for the JSF, consisting of US\$ 782.6 million, US\$ 47.7 million for TASF, and a cumulative total of US\$ 43.0 million to ADBI. The replenishment of the ADF 8 (2001-2004) was concluded in September 2000. The total amount is US\$ 5.65 billion. Of this

amount, US\$ 2.91 will come from the contribution of 25 donor countries, while the rest, US\$ 2.94, will be as repayment of earlier loans. Japan is the largest contributor, US\$ 1.1 billion, which is 37% of the total contribution. In addition, the Japanese government set up in March 1999 a special fund on the order of US\$ 3 billion, called the Asian Currency Crisis Support Facility (ACCSF). This is to be used to co-finance loans to provide capital resources for private financial institutions in countries affected by the Asian currency crisis. (*Section 3, further discussions on JSF and other special funds.*)

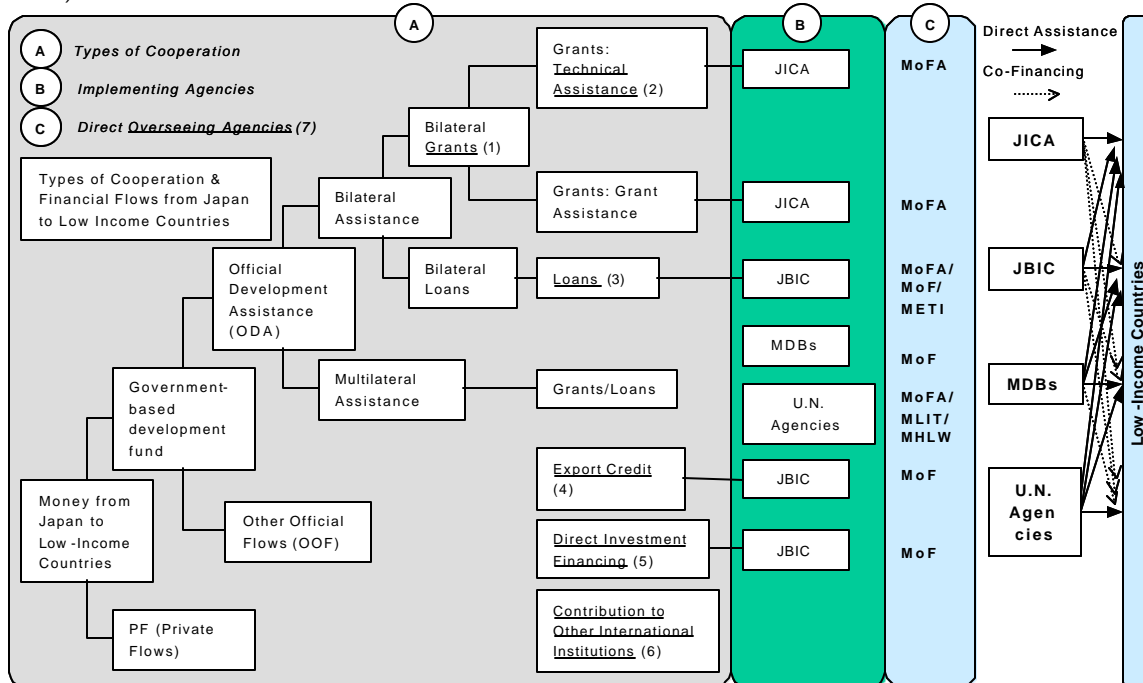
**Table 3. Top 10 shareholder of ADB (As of Dec. 2000)**

	<b>COUNTRY</b>	<b>SHAREHOLDING (share in total, %)</b>	<b>VOTING SHARE (%)</b>
1	Japan	15.89	13.05
2	United States	15.89	13.05
3	China	6.56	5.59
4	India	6.45	5.50
5	Australia	5.89	5.05
6	Indonesia	5.55	4.78
7	Canada	5.33	4.60
8	Korea	5.13	4.44
9	Germany	4.41	3.86
10	Malaysia	2.77	2.56

**BOX 2: Channels of Japanese funding flow to ADB**

ADB acquires funds from both the public and private sectors of Japan. Thus, Japanese citizens contribute to ADB through their taxes in the form of “economic cooperation costs.” In addition, ADB obtains a great bulk of its funds through international capital markets, where Japan makes a significant contribution through the purchase of ADB bonds. Both public and private funds are used for this purchase. For the former, revenues from post office savings accounts, welfare annuities, state pension funds, etc., are appropriated through “Fiscal Investment and Loan Program” also known as the “second national budget”, administrated by the Financial Bureau of the Ministry of Finance. Loans are taken out of this fund as “treasury investment and loans” by government-affiliated organizations such as the Post Office Life Insurance and Annuities Welfare Corporation, and entrusted to trust banks, which then use those funds to purchase ADB bonds. Meanwhile, city banks (with customers’ savings) and life/property insurance companies (with customers’ installed payments) may also purchase ADB bonds, which would constitute private funds. Other private corporations and individual investors are also able to purchase ADB bonds on the international capital market.

**Types of Cooperation and Financial Flows From Japan to Low-income Countries** (see notes below)



**Notes:**

1. Grant is provision of money or commodity to countries or to U.N. agencies by government or governmental agencies that does not oblige the recipient to repay. Types of assistance include economic development cooperation (general/ fishery/ cultural grants and disaster relief), food aid and aid for food production increase . There are three types of grants; technical assistance, grant assistance and grants provided to MDBs and U.N. agencies.
2. Technical Assistance includes mainly four types of assistance: (a) training in Japan; (b) dispatch of experts and JOCV (Japan Overseas Cooperation Volunteers); (c) provision of equipment; and (d) project-type technical cooperation . (Project-type technical cooperation is an integration of three types (1-3) of assistance into one project. The objective is to make technical assistance more effective through managing the process of planning, implementation and evaluation of the project comprehensively.)
3. Loans provided by government or governmental agencies for the purpose of developing low-income countries under soft lending conditions (the grant element must be higher than 25%) .
4. Loans provided to importers by financial organizations in the exporter's country that allows delayed payment.
5. Loans concerning overseas direct investment by private companies, etc.
6. It includes acquisition of bonds issued by MDBs.
7. Major decision -making ministries are MoF, MoFA, and METI(Ministry of Economy, Trade and Industry) .

JICA = Japan International Cooperation Agency  
 MoFA = Ministry of Foreign Affairs  
 MoF = Ministry of Finance  
 METI = Ministry of Economy, Trade and Industry  
 MLIT = Ministry of Land, Infrastructure and Transport  
 MHLW = Ministry of Health, Labor and Welfare

## **3. Special funding transferred by Japan**

### **3.1 Japan Special Fund (JSF)**

JSF is used to provide funds (on a grant basis) for technical assistance projects and private sector development projects. The JSF Annual Report states that it has been used for policy reforms, infrastructure development, good governance, regional economic cooperation, promotion of the financial and capital sectors, environmental protection and so on. In particular, a considerable portion is spent on technical assistance (TA) needed during the planning stage of projects, such as feasibility studies for telecommunications, road construction, and other infrastructure projects, or for projects in agriculture or natural resource development<sup>4</sup>. In fact, 54.7 percent of the total funds approved in 1998 for TA in project preparation came from JSF (US\$ 89.2 million for 116 technical assistance projects). In 1999, ADB approved 91 TA grants for JSF funding in an aggregate amount of US\$ 61 million. This amounted to 35 percent of the total amount of technical assistance approved by ADB. In 2000, 85 percent of the total TA went to project preparation. A total of 113 TA grants were approved by ADB for that year, amounting to US\$ 77.1 million or 38 percent of the total TA.

JSF's pending disbursement may be invested by ADB under the agreement between the Bank and Japan, and the revenue from such investment are deposited by the Japanese government into an ADB account held at the Bank of Japan. This may be used to pay for costs incurred in the administration of JSF (e.g., payment for services, transportation costs, costs to cover participation by Japanese government officials in feasibility studies). JSF accounts are handled independently of other Bank's financing accounts, and the ADB must submit quarterly audit and financial reports on JSF to the Japanese Executive Director.

**Table 4: Sectoral Allocation of JSF (1998-2000)**

SECTOR	1998		1999		2000	
	AMOUNT (\$'000)	%	AMOUNT (\$'000)	%	AMOUNT (\$'000)	%
Agriculture and Natural Resources	12,220	17.91	13,700	22.50	14,700	19.10
Energy	9,221	13.51	7,000	11.50	5,100	6.60
Industry and Nonfuel Minerals	-	-	2,600	4.30	400	0.50
Finance	6,280	9.20	4,500	7.40	8,900	11.50
Transport and Communications	10,650	15.61	11,200	18.30	11,700	15.20
Social Infrastructure	15,218	22.30	10,000	16.30	19,000	25.00
Multisector	2,134	3.13	1,100	1.90	2,900	3.80
Others	12,507	18.33	10,900	17.80	14,100	18.30
Total	68,230	100.00	61,000	100.00	77,100	100.00

The main beneficiaries of JSF are China (Peoples' Republic), Indonesia, Sri Lanka, and countries in the Greater Mekong Subregion (Viet Nam, Laos, etc.). In recent years, JSF funds have been frequently used to support technical assistance for regional development projects. (*Table 5: Regional Technical Assistance financed from JSF – Greater Mekong Subregion, and Appendix 1 “List of Technical Assistance Grants funded by JSF and ACCSF, 1999.”*) JSF publishes an annual report, which is publicly available, on its activities and projects that received funding. (<http://www.adb.org>)

While JSF is thus used to draw up many projects and conduct various studies, some of these projects and studies have been questioned by NGOs as to their objectives or outcomes. In particular, JSF funds have been used to support the planning or preparatory studies of large-scale development projects that are likely to have serious environmental and social consequences. NGOs have pointed out problems in some of these studies, questioning their contents or the legitimacy of the study to be undertaken in the first place. For instance, the loan for the Nam Leuk Dam project was approved in 1996. Although a JSF-funded feasibility study of this project was conducted in 1991, it failed to fully address environmental and social issues, and because of this, problems have arisen (*Section 4*).

**Table 5: Regional Technical Assistance Financed from JSF – Greater Mekong Subregion (1998-2000)**

PROJECT	YEAR	AMOUNT (US\$ million)
Strategic Environmental Framework for the Greater Mekong Subregion	1998	600.00
Tourism Skills Development in the Greater Mekong Subregion	1998	125.00
Facilitating the Cross-Border Movement of Goods and People in the Greater Mekong Subregion	1999	950.00
Greater Mekong Subregion Preinvestment Study for the East-West Corridor	1999	350.00
Greater Mekong Subregion Promoting Subregional Cooperation among Cambodia, People's Republic of China, Lao People's Democratic Republic, Myanmar, Thailand, and Vietnam (Phase IV)	1999	800.00
Mekong/Lancang River Tourism Infrastructure Development	1999	600.00
Promoting Subregional Cooperation in the Greater Mekong Subregion (Phase IV, Year 2)	2000	800.00
Rollback Malaria Initiative in Greater Mekong Subregion	2000	600.00

### **Japanese government involvement in the JSF decision-making process**

JSF funding for technical assistance and private-sector projects is effectively controlled by the Japanese Ministry of Finance. First, a list of projects that require JSF funding is submitted by the ADB's Office of Cofinancing Operation (JSF Coordinator) via the Japanese Executive Director to the Ministry of Finance, which then distributes copies to the Ministry of Foreign Affairs, JBIC, and JICA. After deliberation among them, those projects that are approved for funding are notified back to ADB. In some cases, advice and/or suggested changes to be made in the proposed project are returned<sup>5</sup>. According to the Ministry of Finance, the submission of a project list by ADB and subsequent approval by the Japanese government normally take place once a month. (*Details on the JSF operations can be referred to in the "Guidelines on Operational Procedure" or "Operations Manuals" produced by the ADB.*)

The Japanese government claims that the criteria for JSF funding approval lies on whether the proposed project satisfies the Japanese ODA Charter, as well as on achieving a fair balance within the region. Yet, the ODA Charter mentions only broad principles, such as environmental protection, and lacks specificity. As for "regional balance," a look at funding recipients in 2000

reveals that China and Indonesia receive a disproportionate amount of JSF funding (*Appendix 1*). Thus, the Japanese government's funding criteria seems at best very vague.

### **3.2 Japan Poverty Reduction Fund (JPRF)**

In May 2000, the Japanese government established the Japan Poverty Reduction Fund (JPRF) with a capital of about 10 billion yen. This fund was set up to support activities aimed at poverty reduction and related activities for social development, and is offered as a grant aid to ADB developing member countries (DMCs). The JPRF makes it possible to directly support local governments if the project is linked with ADB-funded project. JPRF sets forth four objectives: (1) to support poverty reduction and social development activities that have a direct effect on the poor and socially/economically marginalized or weaker segments of society; (2) to promote self-help efforts among the poor; (3) to promote a community-wide participation among various stakeholders; and (4) to provide an organizational influence on projects and sustainable approaches to poverty reduction in member developing countries. To this end, the fund supports such activities as: (1) the provision of small-scale, basic economic/social services targeted at the poor; (2) the support of social development funds activities that fund small-scale projects for the poor; (3) support of activities of NGOs working for poverty reduction and social development; and (4) capacity building of citizens' groups to enhance poverty reduction efforts and improve their sustainability in DMCs.

In 2000, JPRF approved 5 grants amounting to US\$ 7.5 million for (i) assisting "Girl Street at Risk of Sexual Exploitation in Indonesia" (US\$ 1.0 million), (ii) supporting Sustainable Livelihood for the Poor in Southern Philippines (US\$ 2.8 million), (iii) on-site Integrated Urban Upgrading for Vulnerable Slum Communities of Payatas in the Philippines (US\$ 1.0 million), (iv) Low Cost Sanitation, Community Awareness, and Health Education in Papua New Guinea (US\$ 1.7 million), and (v) Off-city Relocation of Vulnerable Slum Communities of Muntinlupa City in the Philippines (US\$ 1.0 million). In terms of sectoral distribution, JPRF is allotted as follows: (i) Social Infrastructure: US\$ 3.7 million (49.6%); (ii) Agriculture and Natural Resources: US\$ 2.8 million (37.1%); (iii) Others: US\$ 1.0 million (13.3%).

### **3.3 ADB Institute Fund**

The ADB Institute (ADBI) was established in 1997 in Tokyo, Japan, to carry out research on development strategies for ADB. The ADBI Fund was set up when the Japanese government decided to provide funds to establish and run the ADB Institute. All operating expenses of ADB Institute come from the ADBI Fund, as set forth in the ADB Institute Charter. As of December 2000, Japan's cumulative commitments amounted to 5.3 billion yen (US\$ 43.0 million

equivalent) excluding translation adjustments. Of this, US\$ 37.4 million had been used mainly for research (organizing symposia and training, preparing research reports and publications, etc.), capacity-building activities, and related administrative expenses. The main activities of the ADB Institute consist of: (1) researching development strategies that fit the unique socio-economic conditions in various Asian developing countries; and (2) training to improve the operational and administrative capacity of organizations involved in development projects in member developing countries.

### 3.4 Asian Currency Crisis Support Facility (ACCSF)

The Asian Currency Crisis Support Facility (ACCSF) was established in March 1999 and is funded entirely by the Japanese government. It was set up as part of the financial assistance under the 1997 New Miyazawa Initiatives (NMIs), to support the recovery and stabilization of the economies and financial sectors of those countries that were hit most severely by the Asian currency crisis (*Section 4, details on the New Miyazawa Initiatives*). The ACCSF assists these DMCs by helping to augment and enhance the financial support extended by ADB. Financial support can be in three forms: (1) interest payment assistance (IPA); (2) technical assistance grants; and (3) guarantees. The Facility is targeted at five countries: Indonesia, Malaysia, Philippines, Thailand, and Korea<sup>6</sup>. As of December 2000, Japan's contributions (committed) have amounted to US\$ 241.0 million.

In 2000, the Japanese government contributed 15.0 billion yen (US\$136.6 million) to the ACCSF, and ADB approved 7 technical assistance amounting to US\$ 7.6 million (*Table 6*). US\$ 5.825 million for five projects in Indonesia and US\$ 1.775 for the Philippines.

**Table 6. Sectoral Allocation of Technical Assistance Funded by ACCSF (2000)**

SECTOR	LOAN AMOUNT (US\$ million)	% of TOTAL
Industry and non-fuel materials	3.5	46.1
Social Infrastructure	2.8	36.8
Agriculture	1.1	14.5
Others	0.2	2.5
TOTAL	7.6	100

For Indonesia, IPA was approved for a Health and Nutrition Sector Development Program and a Community and Local Government Support Sector Development Program. These programs are

aimed at alleviating the adverse financial conditions faced by Indonesia, and effectively reducing the interest cost for funding critical social safety nets. For example, according to JBIC (formerly OECF), the Health and Nutrition Sector Development Program aims to “provide, with ADB co-financed loans, general import payments to help Indonesia’s international balance of payment, and blunt the negative impact in the area of health and nutrition among the socially weak,” for which Japan extended yen loans amounting to about US\$ 300 million (approved March 1999). (Section 4, Table 7: *Cofinancing loan projects between Japan and ADB.*)

**Table 7. Co-financing Projects Between Japan and ADB (Jan. 1 - Dec. 31, 1999)**

COUNTRY	PROJECT	ADB LOAN AMOUNT (US\$ million)	COFINANCING AMOUNT (US\$ million)	COFINANCIER*
Viet Nam	GMS: East-West Corridor	25.00	100.00	JBIC
Lao People's Dem. Rep.	GMS: East-West Corridor	32.00	145.00	JBIC/JICA
Philippines	Philippine International Air Terminals Co., Inc.	40.00	120.00	JBIC
Sri Lanka	Southern Transport Development	90.00	180.00	JBIC
Thailand	Agriculture Sector Program Loan	300.00	300.00	JBIC
Indonesia	Community & Local Government Support Sector Development Program	200.00	150.00	JBIC
Indonesia	Health and Nutrition Sector Development Program	300.00	300.00	JBIC
Indonesia	Power Sector Restructuring Program	400.00	400.00	JBIC
China, People's Rep. of	Chengdu Generale Des Eaux-Marubeni Waterworks Company Ltd.	26.50	5.00	Fuji Bank

\* Note: GMS = Greater Mekong Sub-Region;  
 JBIC = Japan Bank for International Cooperation;  
 JICA = Japan International Cooperation Agency

## **4. Cofinancing between Japan and ADB**

### **4.1 Overview**

Japan is the largest official donor of cofinanced loans with ADB. In 1998, Japan contributed US\$ 842.1 million for seven loan projects cofinanced with ADB through the then-OECF, then-Export-Import Bank of Japan (Ex-Im Bank) and JICA. This represents nine-tenths of the resources coming from banks by official bilateral donor countries that are cofinanced with ADB (the total amount of cofinanced loans by bilateral sources reaches US\$ 914 million). In 1999-2000, Japan contributed to 13 cofinanced projects with ADB through JBIC, JICA, and commercial banks. In addition, cofinancing between ADB and Japan also takes place via the JSF. (*Table 7: Cofinancing projects between Japan and ADB, and Appendix 2: Cofinanced loan projects between former OECF and former Japan Export-Import Bank and ADB.*)

### **4.2 New Miyazawa Initiatives (NMI) and ADB cofinancing**

Since the Asian economic crisis in 1997, the Japanese government has transferred considerable funds to ADB. The Japanese Ministry of Finance (MoF) committed US\$ 30 billion in loan assistance, called the New Miyazawa Initiative (NMI), in order to “assist stabilization of the financial sector and economic recovery” of countries that were most-hit by the crisis. Much of the Miyazawa Initiative funds were provided in the form of cofinancing with ADB loans. While these “economic recovery” programs were based on sector- or policy-reform conditionalities, NGOs have voiced concerns on the negative impacts that such sector reform programs are likely to have on the livelihood of the poor people in the respective countries. (*Section 4.3*)

In 1999, Japan contributed a total of US\$ 1.2 billion through NMI for ADB cofinancing. In December 1997, NMI funds amounting to US\$ 1.85 million were committed to Thailand, which includes a JBIC/ADB cofinancing loan for an Agriculture Sector Program Loan. Indonesia also received NMI funding for a Health and Nutrition Sector Development Program and a Power Sector Restructuring Program through ADB cofinancing. Meanwhile, the Philippines received approximately US\$ 600 million for the Metro Manila Air Quality Improvement Sector Development Program and the Power Sector Restructuring Program (the former received a US\$ 300-million yen loan from the former OECF, while the latter received US\$ 600 million in untied loans from the former Ex-Im Bank.) The purpose of these two projects was to provide funds to the Philippine government to assist in their general import payments, and to support carrying out the Philippine Action Plan to Improve Air Quality and promote reforms in the power sector. (*Table 7: Cofinancing projects between Japan and ADB.*)

**BOX 3: The New Miyazawa Initiative (NMI)**

The New Miyazawa Initiative (NMI) is a financial assistance scheme initiated by the Japanese government to assist the economic recovery of Asian countries hard-hit by the 1997 currency crisis. It consisted of mid- to long-term financial assistance of US\$ 15 billion in the form of yen-denominated loans and loans extended by the Ex-Im Bank, and another US\$ 15 billion in reserves to meet short-term demands arising during the economic reform process, amounting to a total of US\$ 30 billion. The mid- to long-term financial assistance program consisted of: (1) restructuring schemes to deal with private-sector debts, measures to stabilize and invigorate the financial system; (2) expansion and strengthening of social safety nets; (3) economic measures (promoting public works to stimulate employment); and 4) measures against lending reluctance (facilitating foreign trade finance, assisting small and medium companies). NMI funds were extended to Indonesia, Thailand, Malaysia, Philippines, and Korea.

**4.3 Several cases of ADB-Japan cofinanced projects**

**(1) Samut Prakarn Wastewater Management Project in Thailand** (preparatory studies funded by JSF; cofinancing provided by ADB and JBIC)

This project aims to build a 300-km sewage system and wastewater treatment plant (capacity: 525,000 m<sup>3</sup>/day) in the state of Samut Prakarn (population approx. 600,000; site of about 3000 factories), Thailand. As of 1997, project cost is estimated at 23.7 billion baht<sup>7</sup>, with US\$ 230 million (7 billion yen) from ADB, as a two-step loan from the former OECF to the Thailand Environmental Fund and 750 million baht to the Environmental Fund from non-Japanese donors, and Thailand's national budget<sup>8</sup>. In addition, US\$ 350,000 for a 1992 pre-feasibility study for this project as well as US\$ 600,000 for feasibility study report in December 1993 (approved in September 1993) was funded by JSF.

Several problems have been pointed out concerning this project: (1) The wastewater processing plant under construction is not designed to process toxic chemicals or heavy metals discharged by the industrial park, so that destruction of the coastal ecosystem results and threatens local residents whose livelihoods depend on fishing. There are also concerns that offensive odors will rise. (2) The construction site of the plant was changed from the Bang Pla Kod and Bang Poo Mai districts, which were considered in the feasibility study, to Klong Dan district, but there has been no environmental impact assessment for the new site, even while construction is in progress (completion expected in December 2003). (3) Moving the plant to a farther location also meant additional costs to the Thai government. Around 1985-86, there had been plans to develop a golf course in Klong Dan, and at the time, a private firm with close ties to politicians purchased the land at a cheap price. When the Wastewater Management project came up, it sold the land at twice the going market rate to the Pollution Control Department (PCD) of the Ministry of Science, Technology and Environment, which is the project executor. This has led to charges of corruption. (4) It is known that over 90 percent of the factories located in Samut Prakarn have

their own wastewater processing facilities. Within the industrial park, where PCD expects to see a demand for the processing plant, a private vendor already provides wastewater-processing services at cheap rates, calling into question the economic viability of the project.

During the 33rd ADB Annual meeting held at Chiang Mai, over 200 residents of Klong Dan converged at the conference site to voice their objections. NGOs in Thailand and other countries have also strongly criticized this project. The local residents have filed a request with the ADB Anti-Corruption Unit to investigate the corruption charge, and this investigation is being conducted as of January 2001. In addition, in November 2000, the group of resident representatives filed a charge with the ADB Inspection Function against ADB policy violations.

## **(2) Power Sector Restructuring Program in Philippines**

In December 1998, ADB approved a \$300-million loan to the Philippines Power Sector Restructuring Program. As co-financing partner, JBIC provided additional \$400 million, which was part of the New Miyazawa Initiatives (NMI). The program is aimed to “create competitive electricity markets” and to privatize national power sector (National Power Corporation, NPC). The program will transfer ownership of power generation to the private sector and create a separate transmission company that will eventually be offered to a strategic investor. It will also consolidate rural electric cooperatives (RECs) to achieve economies of scale. Two TA studies accompany the loan: (a) Electricity pricing and regulatory policy; and (b) Consumer impact assessment to determine electricity prices in a competitive set-up. In August 2000, the ADB also approved the \$1.5 million-Technical Assistance to Competition Policy and Strategies for the Philippine Energy Sector, which includes the preparation of the NPC Privatization Master Plan.

The goals of the power sector restructuring are to: create a competitive market in electricity generation; restructure and privatize National Power Corporation; support private sector generation expansion; reinforce and expand the transmission grid; consolidate distribution utilities; utilize renewable resources for rural electrification; and support demand-side management and energy conservation.

NGOs and civil society groups in the Philippines have been raising their concerns on this privatization program. Many claim that the privatization of the national power sector will lead to an increase in power rates, which will then add up to other costs such as stranded costs, loan payments, loan interest payments, etc. The high rates of electricity will be a huge burden for the Philippine people, especially for the poor. Hence, this program would contradict with the Poverty Reduction Strategy of ADB. Civil society groups in the Philippines have raised their concerns against passage of the pending legislation in its Congress on the restructuring of the power sector.

According to Freedom from Debt, the following are major concerns raised by Philippines NGOs. First, the bill paves the way for a private sector monopoly in the power industry by allowing cross-ownership between generation and distribution/supply. Second, the bill implicitly honors the onerous contracts of the NAPOCOR with the independent power producers. These contracts have been responsible for NPC's bloated debts and contain provisions that are grossly disadvantageous to the government. Third, the bill does not give sufficient guarantee that electricity prices will go down. Furthermore, the bill contains provisions that reinforce monopolistic practice and control to the detriment of consumers. Civil society groups therefore advocate for a full-options approach in resolving the country's power problems and introducing power reforms, including the option of opening up ownership of the power sector to the workers in the industry and the consumers themselves.

### **(3) Nam Leuk Hydropower Development Project in Laos**

In September 1996, ADB extended a US\$ 52 million loan to the Laos government as part of the US\$ 110 million for construction of the Nam Leuk Hydropower Development Project, co-financed by ADB and the former OECF (JBIC). This decision by ADB was made in spite of the fact that the French technical consultants, Soeah Ingenierie, had submitted to ADB a document criticizing the EIA report on the dam project. In their report, they stated that there had been no biological and ecological studies conducted on the local fish life even though the villagers' livelihoods depended on fishing, and that the number of fishery studies was not sufficient to allow for adequate data needed to arrive at a conclusion. When completed, the dam's water will submerge an area over 70 percent of which is forest-covered. With the Nam Leuk Dam project, the Japanese government recommenced, after a 20-year hiatus, extending yen-denominated loans to the Laos government. This was despite the policy made in the Fifth Mid-Term Goal to provide assistance to the least developed countries (LDCs) in the form of grants and not yen-denominated loans. Experts have voiced their doubts on the project's economic merits, and many are concerned that this will only end up increasing the debt burden on the Laos government.

### **(4) Agriculture Sector Reform Loan in Thailand**

This program aims to drastically reform the agriculture sector of Thailand by providing financial assistance to Thailand's Ministry of Agriculture and Cooperatives (MOAC). A loan of US\$ 600 million was co-financed by ADB and the former OECF (JBIC), with each extending US\$ 300 million. The OECF portion of the loan was part of the New Miyazawa Initiative. The major goal of the program is to promote Thai economic growth by structural reforms of agricultural sector in Thailand by: (1) increasing the productivity of the agriculture sector; (2) strengthening its export competitiveness; and (3) improving the MOAC's administrative and operational capacities. The

ADB's loan program proposes to reform Thailand's agriculture sector by several initiatives, including promoting sustainable water resources management, improving land utilization and management, reducing Government subsidies in agricultural inputs, and restructuring of MOAC. In more specific terms, it aims to aggressively move Thailand's entire agriculture sector toward a market mechanism by liberalizing that sector, abolishing government subsidies to farmers, imposing water fees, and privatizing the MOAC. In particular, NGOs and farmer groups had raised serious concerns over the drastic changes of agricultural policies imposed by ADB. For example, with the removal of government subsidies for farming inputs and the introduction of water user fees, the program would put serious negative impact on small-scale farmers. In spite of massive protests by Thailand's farmers, however, ADB approved the loan in September 1999. (Final loan installment is set for June 2001.)

Drastic changes in Thailand's agricultural policies were called for as the conditionalities for loan extension, including the introduction of a water user fees, law changes to enable land title transfers by the MOAC, and cutting back on government interference on such matters as agricultural equipment or price guarantees. This aroused hostile feelings among the people and NGOs of Thailand, who construed it as meddling with Thailand's national sovereignty. Several questions have been raised by Thai NGOs: (1) Was there adequate participation by project beneficiaries (specifically small-scale farmers) during the planning stage, particularly as the program involves important reforms and policy changes?; (2) Isn't it an infringement of national sovereignty to impose loan conditions that call for policy changes that may violate the Constitution?; (3) Is it wise to allow a single authority like the government to control a natural resource (i.e., water)?; (4) What is ADB's accountability concerning non-project loans? Furthermore, since the aim of this program is to promote exports, in addition to the negative consequences to small-scale farmers who have very little competitive power, there are concerns that agricultural diversity will be sacrificed and replaced by large-scale monocultures. Many consider that such an agricultural policy goes directly against the "promotion of sustainable and alternative agriculture" set forth in Thailand's Eighth Economic and Social Development Program.

The program is currently under implementation, and the completion date is expected to be in June 2001. For the implementation of the conditionalities attached in this program, ADB is also considering to provide TA, Agriculture Strategy and Policy Development. According to the Bank, this TA is aimed at assisting MOAC in formulating future policy options and sector strategies further to those addressed under the ongoing Agriculture Sector Program Loan. This will include a guidance in developing agriculture and natural resource policies and a national agricultural development plan.

## **5. Japan's participation in ADB Policies and Operations: key players**

### **5.1 Ministry of Finance**

In Japan, the Development Institutions Division, International Bureau, of the Ministry of Finance is in charge of all matters related to policies on MDBs, including ADB<sup>9</sup>. This division is staffed by 15 officials, who deal with all of the world's MDBs, and three of whom are in-charge with ADB. These three officials handle in effect all decision-making by the Japanese government on ADB policy matters and loan projects.

### **5.2 Japanese Executive Director**

Japan has about 13 percent of the total voting share at the Board of Directors, which is entrusted by the Board of Governors to conduct the daily decision-making regarding ADB policy and loan approvals. Since the voting shares of other countries, except the United States, are at most 5 percent, the vote cast by the Japanese Executive Director wields a large power in the ADB Board of Directors' overall decision-making process. In most cases, an official or ex-official of the Ministry of Finance is appointed as the Japanese Executive Director<sup>10</sup>. Although it is the Japanese Executive Director who votes at the Board of Directors, the decisions are in effect made by the Ministry of Finance. For this reason, it is important to be heard by the Japanese Executive Director as well as the Japanese Ministry of Finance when trying to raise issues on ADB policy reforms and problematic projects.

### **5.3 Japanese corporations and consultants**

Along with private contractors of other member countries, Japanese corporations and consulting firms are actively engaged in the implementation of ADB technical assistance and loan projects. The major Japanese contractors/suppliers and consultants who were awarded contracts for ADB project implementation or project formation and studies are listed below (*Table 8-1, 8-2, 8-3*).

**Table 8-1: Major Japanese Contractors Involved in ADB Projects (Jan. 1, 1995-Dec. 31, 1999)  
(January 1, 1995 - December 31, 1999)**

<b>CONTRACTOR/ SUPPLIER</b>	<b>SECTOR</b>	<b>CONTRACT AMOUNT (US\$ million)</b>
Mitsui & Co., Ltd	Multisector	167.98
Mitsubishi	Multisector	83.78
Mitsui Engineering and Shipbuilding	Energy	35.28
Itochu Corporation	Energy	33.25
Marubeni Corporation	Multisector	22.42
Ube Industries	Industry and Finance	19.28
Kumagai Gumi	Transport and Communications	15.22
Sumitomo Corporation	Multisector	15.22
Nissho Iwai Corporation	Transport and Communications	11.93
Asahi Glass Co., Ltd.	Energy	11.93

**Table 8-2: Major Consultants Involved in ADB Projects (Jan. 1, 1995-Dec. 31, 1999)**

<b>CONSULTANT</b>	<b>NUMBER OF CONTRACTS</b>	<b>CONTRACT AMOUNT (US\$ million)</b>
Japan Overseas Consultants Co., Ltd.	4	18.33
Nippon Koei	4	13.45
Pacific Consultants International	3	8.15
Nippon Jogessuido Sekkei	1	3.08
Electric Power Development Co.	1	1.34

**Table 8-3: Major Japanese Consultants Involved in ADB Technical Assistance Projects (Jan. 1, 1995 - Dec. 31, 1999)**

<b>CONSULTANT</b>	<b>NUMBER OF CONTRACTS</b>	<b>CONTRACT AMOUNT (US\$ million)</b>
Padeco Co., Ltd.	12	5.86
Pacific Consultants International	3	2.27
Japan Overseas Consultants Co., Ltd.	3	1.34
Sanwa Research Institute Corporation	2	1.14
Nippon Jogesuido Sekkei Co., Ltd.	1	0.58
Chodai Co., Ltd.	1	0.23
Association for Promotion of International Cooperation	1	0.15

Only contracts with values above US\$1 million were considered in generating this report.

## **6. Japanese NGOs advocacy on the ADB**

### **6.1 Japanese NGOs working on ADB Reform Campaign**

Japanese NGOs began their lobbying activities for ADB when Japan Tropical Forest Action Network (JATAN) attended the 1989 ADB Annual Meeting in Beijing. The 1995 and 1996 Annual Meetings held in Manila and the NGO strategy meetings preceding those meetings were attended by JATAN, Friends of the Earth-Japan, Japan Center for a Sustainable Environment and Society (JACSES), Mekong Watch, Japan CHT Committee, Survival International and other NGOs, showing that increasing numbers of Japanese NGOs were working on the issue of ADB reform.

The campaigns in Japan toward the ADB has been historically done in close cooperation with the NGO Forum on the ADB, and some Japanese NGOs are active participants in the Forum's network.

The 1997 ADB Annual Meeting held in Fukuoka prefecture in western Japan provided an impetus for NGOs based in the Kansai (around Osaka) region and Fukuoka prefecture, in addition to those in Tokyo, to set up study groups and initiate advocacy activities aimed at the ADB. Out of this collaboration, the ADB Fukuoka NGO Forum was established, based in Fukuoka prefecture. In recent years, Japanese NGO activities on the ADB reform campaign have been carried forward by Kazuo Sumi (professor at the Faculty of Law, Niigata University), Mekong Watch, Friends of the Earth-Japan, Japan NGO Network on Indonesia (JANNI), Japan International Volunteer Center (JVC), Japan CHT Committee and JACSES. Some of these NGOs are profiled below.

#### **(1) ADB Fukuoka NGO Forum**

Set up on the occasion of the 30th ADB Annual Meeting held in Fukuoka prefecture in May 1997. Its focus is on examining such issues as the environment, development, and international assistance from a grass-roots, people's perspective, and to mobilize citizens' action.

#### **(2) Mekong Watch**

Mekong Watch carries out advocacy activities aimed at research institutes and development organizations so that development and economic cooperation schemes in the Mekong basin do not threaten the peoples' livelihoods, which depend on the natural resources of the region.

Mekong Watch has worked on such ADB-funded projects as the Nam Theun Hinboun Dam in Laos and the Samut Prakarn Wastewater Management Project in Thailand.

**(3) Friends of the Earth-Japan (FoE-Japan)**

Tapping resources available through the international network of Friends of the Earth organizations, FoE-Japan, mainly through its Development Financing and Environment project, makes policy proposals so that socially and environmentally problematic projects do not receive financing by public capital. In particular, FoE-Japan monitors loan projects funded by the Japan Bank for International Cooperation (JBIC) and is working to improve JBIC environmental guidelines.

**(4) Japan NGO Network on Indonesia (JANNI)**

JANNI is a network organization formed by Japanese groups and individuals as well as NGOs in Indonesian and related countries to work on such issues as human rights, environment, and development in Indonesia. JANNI's activities consist of research, drawing up policy proposals, and cooperating with Indonesian NGOs in environmental and development projects.

**(5) Japan International Volunteer Center (JVC)**

One of the larger Japanese NGOs, JVC carries out grass-roots development projects based on the use of local resources and a respect for the regional culture and wisdom. The focus of the projects is on improving the local people's lives by involving them from the very initial stages of preliminary studies and having them be the main participants throughout the project's life. So far, JVC is working on the issues of the ADB Structural Adjustment Loan to Cambodia and the Agriculture Sector Reform Loan in Thailand cofinanced by ADB and OECF. In Asia, JVC holds regional offices in Vietnam, Laos, Cambodia, and Thailand, where staff members carry out activities in cooperation with local peoples and NGOs.

**(6) Japan CHT Committee**

The Japan CHT Committee is engaged in carrying out support for activities of the Juma people, who are the indigenous people of the Chittagong Hills region in Bangladesh. Its goals are to enforce complete observance of the Peace Treaty (December 1997) which was signed between the Bangladesh government and PCJSS (Chittagong Hills National Unity Party), the political organization representing the Juma people, monitor human rights conditions and development issues, and carry out rehabilitation of returned refugees. The Japan CHT Committee makes policy proposals on ADB policies on indigenous peoples.

### **(7) Japan Center for a Sustainable Environment and Society (JACSES)**

JACSES aims to create a sustainable society by conducting research and making policy proposals on environmental and other policies in Japan. In 1996, JACSES conducted a study on the policies of seven major donor countries with environmental considerations in their ODA programs. Since 1997, it has served as the secretariat/coordinator for the regular meetings held between the Japanese Ministry of Finance and NGOs. In fiscal year 2000, JACSES conducted a comparative study on major donor countries to MDBs on their institutional and legal conditions for ensuring accountability to their citizens, so that environmental and social considerations are properly made in their development assistance schemes. Since 1995, JACSES has been actively engaged in NGO advocacy activities at the ADB Annual Meetings.

#### **BOX 4: Background on regular meetings between MoF and NGOs**

Being the top donor to MDBs, Japan bears a major responsibility regarding the policies and decision-making on lending activities by MDBs. Japan is the second donor after the United States to the World Bank, and the top donor, along with the United States, to ADB. Japanese contributions to such MDBs come from the ODA budget of the nation's general account. In other words, the tax money of Japanese citizens is channeled to MDB lending activities. Yet, since the official Japanese views and policies regarding MDBs have for some time been drawn up in effect by the Development Institutions Division, International Bureau, Ministry of Finance, there had been no channels, either official or unofficial, for obtaining information on Japan's MDB activities or statements made by the Japanese Executive Director at the Board of Directors Meetings.

In early February 1997, on the occasion when then-Diet member Tadatoshi Akiba of the Social Democratic Party and NGOs met to discuss the ADB Annual Meeting in Fukuoka, they exchanged views on the Japanese policy-making process on MDBs and the issue of MoF accountability. Subsequently, during the Diet's Committee on Finance session in mid-March, Akiba questioned the International Finance Bureau (MoF) Director, Sakakibara, who replied that (although the MoF had in the past held discussions with individual NGOs) he agreed "to setting up a forum in which views can be exchanged collectively on a regular basis." Akiba, MoF personnel, and NGO representatives then met and formally agreed to set up regular meetings. At the end of April, MoF and NGOs met to discuss the basic framework for the meetings, which marked the meetings' official start.

## **6.2 Regular meetings between MoF and NGOs**

Ideally speaking, reporting and discussions on Japanese policies and official views regarding MDBs, including multilateral assistance through the ADB, should take place during Diet sessions, as it is the highest representative body of the Japanese people. Unfortunately, the issue of MDBs is rarely taken up in the Diet today because few Diet members are interested in MDBs and the government is under no obligation to report on its MDB activities to the Diet. The result is that the policies drawn up by Ministry of Finance (MoF) bureaucrats in effect constitute official Japanese decision-making regarding ADB policy.

Consequently, Japanese NGOs, which sought accountability by the MoF on MDB policies, requested that regular meetings be held with MoF. As a result, the NGOs have since 1997 held

regular meetings with the Development Institutions Division, International Bureau of the MoF to discuss policies on projects by ADB and other international financial institutions.

The purpose of these meetings is: (1) to facilitate an exchange of views and information between the government and citizens regarding Japan's aid policy on and projects carried out by MDBs and the IMF; (2) to increase transparency regarding the Japanese government's (MoF) policy making; and (3) to see that development schemes take sufficient consideration of such issues as the environment, human rights, and gender.

The meeting takes place four times a year, with the agenda decided from among subjects submitted by the NGOs as well as MoF. The minutes are publicly available on a Website (<http://www.jacses.org>) jointly maintained by the NGOs and MoF. The topics/themes consist of items related to policies and projects of MDBs (World Bank Group, ADB, other regional banks) and the IMF, and official views and policies of the Japanese government on related issues. Major topics discussed thus far include the Asian currency crisis, in particular, aid schemes to Indonesia and Thailand; macroeconomic policies such as the multilateral debt of HIPC's and IMF reforms; environmental and social issues of MDB-funded projects, including Nam Theun II Dam (World Bank, Laos) and the Chad/Cameroon Petroleum Pipeline Project (IFC); environmental guidelines of JBIC, which was formed by consolidating OECF and the Ex-Im Bank; items concerning bilateral ODA, such as Ex-Im Bank projects and the New Miyazawa Initiative. Recent topics on ADB include problems associated with the Samut Prakarn Wastewater Management Project in Thailand, ADF VIII, and the Inspection Function.

Since being set up, there have been 13 meetings so far, with gradually increasing attendance from both MoF and the NGOs. Currently, attendance by NGOs averages 15-20 staff personnel representing about 10 organizations.

The meeting is open to participation by all NGOs in principle. Any inquiries or proposals on agenda topics should be directed to JACSES (tel: +81-3-3447-9585, fax: +81-3-3447-9383; email: [VZR02520@nifty.ne.jp](mailto:VZR02520@nifty.ne.jp)). Minutes of the meetings are available on the JACSES Website (<http://www.jacses.org>).

### **6.3 Consultations with ADB**

ADB set up its Japanese Representative Office (JRO) in November 1996, and through JRO the first consultation between NGOs and ADB (represented by an official from its headquarters) took place in March 1998. The topics consisted of how information disclosure to and participation by indigenous peoples, in particular, should take place, and ADB's accountability. In October 1999,

the second consultation took place over two days in Tokyo and one day in Fukuoka. The issues discussed on this occasion included such ADB operations as the Asian Currency Crisis Support Facility (ACCSF), which was an ADB measure against the Asian currency crisis, and the New Miyazawa Initiative (NMI), non-project loans and the issue of corruption, information disclosure and public participation within the project cycle, accountability, and evaluation systems. Regarding ADB's overall policy, discussions revolved on what kind of operational strategies and development models ADB should pursue, its position on the debt issue and so on. The NGOs further made proposals regarding assistance to the education sector, translations of ADB documents to local languages, conducting investigations of involuntary resettlement, and the setting up of a rehabilitation fund for resettled peoples. Although ADB had sought to restrict discussions to matters of policy, the NGOs demanded they be allowed to bring up specific issues related to individual projects. The result has been that the consultations begin with individual projects and move on to issues related to general policy.

In the two consultations that have taken place so far, from the NGO standpoint, there have been some improvement in the areas of information access and communication with ADB. Such consultations provide an important opportunity for discussing specific problems associated with individual projects directly with the implementing institution. The consultations are open to the public, but attendance has been about 40 people in each of the past two occasions. It is hoped that greater numbers of concerned citizens and NGOs will participate in the future, thus raising the general public's awareness on ADB issues. The third consultation, which is expected sometime in the future, should provide a good opportunity for concerned citizens and NGOs to make policy proposals on ADB policies and operational priorities.

#### **6.4 Advocacy on “Japan and ADB” — a few tips for NGOs**

##### **(1) Advocacy targeted at the Japanese Executive Director and MoF officials**

As could be noted, Japan plays a very important role in influencing the policies and daily operations of ADB. Along with the United States, Japan has the highest voting share, and together they take up one-fourth of the total. Thus, when one wishes to call for certain improvements in ADB policy or operations, or when there are concerns or problems associated with certain ADB projects, it is important to not only contact the ADB secretariat or ADB personnel but to also go directly to the Executive Directors of Japan and the United States, as they wield enormous power in the decision-making process of the Board of Directors, and make one's specific demands known or provide them with specific information. How can one go about this?

First, one should transmit a letter by fax, telephone, or e-mail to the Japanese Executive Director in Manila and point out the problems or concerns connected with an ADB project or policy. It is

important also at this juncture to send a copy of this letter to the Development Institutions Division, International Bureau of the MoF. When sending such letters or petitions, it is important to point out specifically what the problems or concerns are, and to state clearly the demands of the NGO. After sending a letter or petition to the Executive Director and MoF (Development Institutions Division), it would help to follow up by making a phone call or e-mail inquiry to incite some response by the Executive Director.

**(2) Making contact or requests to Japanese NGOs**

In addition, it is important to seek the cooperation of Japanese NGOs working on issues on ADB policies and projects. In particular, if there is in one's country an ADB-financed project against which there is opposition by the local residents, or there exist specific concerns, one can communicate the relevant information in as much detail as possible to Japanese NGOs and ask them to make demands directly to the Japanese Executive Director and MoF. As stated earlier, Japanese NGOs meet with MoF officials about every three months, where they can point out the project's problems and/or convey the local residents' demands. *(Please check the JACSES Website periodically for the scheduled dates of the MoF-NGO regular meetings.)*

## Endnotes

- 1) However, the share of ODA relative to GNP is 0.28 percent, which is far below the 0.7-percent target set up by DAC countries and ranking 12<sup>th</sup> among them. Furthermore, the grant share average of 39.6 percent (1996/97) is the lowest among the 21 DAC countries. (*ODA Whitepapers: Part 1*, Economic Cooperation Bureau, Ministry of Foreign Affairs, 1999)
- 2) Quoted from Walden Bello, “ADB2000: Senior Officials and Internal Documents Paint Institutions in Confusion” in *Creating Poverty: The ADB in Asia*, (Focus on the Global South, May 2000).
- 3) Of Japan’s total bilateral assistance of 8.659 billion yen for fiscal 1998, 5.37 billion yen went to Asia, 392 million yen to the Mid East, 950 million yen to Africa, 553 million yen to South and Central America, 147 million yen to the Pacific region, 143 million yen to European countries (former Yugoslavia, etc.), and 47 million yen to eastern Europe (148 million yen to other regions). (*ODA Whitepapers: Part 1*, Economic Cooperation Bureau, Ministry of Foreign Affairs, 1999)
- 4) ADB’s technical assistance (TA) consists of Project Preparation Technical Assistance (PPTA), which assists the planning and drawing up of development projects subject to receive future investments or loans, and AOTA, which supports the formation of sector strategies and national development plans, reforming legislation, and strengthening of the operational capacities of governmental organizations. Resources include the Japan Special Fund (JSF) and Technical Assistance Special Fund (TASF) for grants, and ordinary capital resources (OCR) for technical assistance loans. Of the TA projects in fiscal year 2000, 59 were project preparatory, 174 were for policy advice and project implementation, and 73 for regional activities.
- 5) When notification of official approval of a project by the Japanese government is received, the Office of Cofinancing relays the approval to the ADB Department in charge and to the Executive Directors, after which the project is given official approval by the Board of Directors.
- 6) ADB has expressed its view that, although the Republic of Korea sustained serious damage during the initial stages of the currency crisis, its economy has rapidly moved toward stability and thus will no longer be considered for funding by the ACCSF.
- 7) The total project cost is reported to be rising further even as construction proceeds today.
- 8) The loan extended by the former OECF is part of the “Environmental ODA”. The Japanese government announced during the 1992 UN Conference on Environment and Development (UNCED) in Rio that it would extend to developing countries. The following year, the Japanese and Thai governments exchanged documents agreeing to a yen-denominated loan of 11.2 billion yen (for an Environmental Protection Fund Support Project. Out of this loan, 7 billion yen was diverted to the Samut Prakarn Wastewater Management Project.

- 9) On January 6, 2001, the Japanese government undertook a reorganization of its government offices. After the reorganization, the Ministry of Finance, particularly its Development Institutions Division, still holds jurisdiction over MDB policies in general. Besides the Development Institutions Division, the International Bureau of MoF consists of the Divisions of International Organizations, International Finance, Foreign Exchange and Money Market, Development Policy, and Development Finance.
- 10) The current Japanese Executive Director is Naoyuki Shinohara, who was formerly the Director of the Development Policy Division, International Bureau, MoF. The Alternate Director is Yasuro Narita, formerly the Deputy Director of the International Finance Division, International Bureau, MoF.

## Appendices

**Appendix 1.1: Technical Assistance Grants Through JSF and ACCSF Financing (2000)**

<b>COUNTRY</b>	<b>JSF (in \$ Thousand)</b>	<b>ACCSF (in \$ Thousand)</b>
Bangladesh	4,590.00	
Bhutan	1,954.00	
Cambodia	3,386.00	
China, People's Rep. of	11,050.40	
East Timor	900	
Indonesia	2,195.00	5,825.00
Kazakhstan	3,480.00	
Kiribati	350	
Kyrgyz Republic	3,090.00	
Lao PDR	2,300.00	
Maldives	700	
Marshall Islands	340	
Mongolia	2,985.00	
Nauru	300	
Nepal	3,735.00	
Papua New Guinea	1,420.00	
Philippines	3,228.00	1,775.00
Samoa	500	
Sri Lanka	5,600.00	
Tajikistan	3,800.00	
Thailand	1,600.00	
Tuvalu	250	
Uzbekistan	3,020.00	
Vanuatu	330	
Vietnam	4,924.00	
<b>Total</b>	<b>66,027.40</b>	<b>7,600.00</b>

**Appendix 1.2: Technical Assistance Grants Through JSF and ACCSF Financing - Details (2000)**

COUNTRY/ Projects	JSF	JSF	ACCSF	ACCSF
	PROJECT PREPARATORY	ADVISORY & OPERATIONAL	PROJECT PREPARATORY	ADVISORY & OPERATIONAL
	(in \$ Thousand)	(in \$ Thousand)	(in \$ Thousand)	(in \$ Thousand)
<b>BANGLADESH</b>				
Second Nonformal Education	600.00			
Regional Rail. Traffic Enhancement	900.00			
Road Network Improvement and Maintenance	800.00			
Pension and Insurance Sector Project	600.00			
Organizational Reform of Bangladesh Railway (Phase III)		840.00		
Capacity Guiding of the Securities and Exchange Commission and Selected Capital Market Institutions		850.00		
<b>BHUTAN</b>				
Road Planning and Management Strengthening	954.00			
Public Sector Resource Management	300.00			
Institutional Development of the National Technical Training Authority	300.00			
Project Appraisal and Portfolio Management for Financial Institutions	400.00			
<b>CAMBODIA</b>				
Education Sector Development Program	800.00			
Financial Sector Development Program	800.00			
Rural Development	600.00			
Building Capacity in Tourism Planning		586.00		
Capacity Building for HIV/AIDS Prevention and Control		600.00		
<b>CHINA, PEOPLE'S REPUBLIC OF</b>				
Ningxia-Shapotou Water Resources Development	930.00			
Ganzhou-Longyan Railway	750.00			
Hebei Province Wastewater Treatment	850.00			
Southern Sichuan Roads Development	800.00			
Harbin Water Supply	720.00			
Capacity Building for Social Assessments		781.40		
Strengthening Urban Solid Waste Management		600.00		
Acid Rain Control and Environmental Improvement	964.00			
Institutional Strengthening of China Development Bank		600.00		
Development of Financing Policies and Mechanisms for Small		700.00		
Interregional Power Transmission Network Development Strategy		800.00		
Jiangsu Highway Build-Operate-Transfer Project		555.00		
Transjurisdiction Environmental Management (Technical Assistance Cluster)		2,000.00		

**Appendix 1.2 cont ...**

COUNTRY/ Projects	JSF	JSF	ACCSF	ACCSF
	PROJECT PREPARATORY	ADVISORY & OPERATIONAL	PROJECT PREPARATORY	ADVISORY & OPERATIONAL
	(in \$ Thousand)	(in \$ Thousand)	(in \$ Thousand)	(in \$ Thousand)
<b>EAST TIMOR</b>				
Formulating Strategies for Economic and Social Development		650.00		
Strengthening the Microfinance Policy and Legal Framework		250.00		
<b>INDONESIA</b>				
Poor Farmers' Income Improvement	420.00			
Monitoring and Evaluating the Health and Nutrition Sector Development Program (Supplementary)				1,000.00
Public Expenditure Management and the implications of Decentralization				225.00
Promoting Deregulation and Competition				1,500.00
Small and Medium Enterprise Development				
Financial Management System				
Capacity Building for Decentralized Natural Resources Management		775.00		
Support for Health Sector Policy Reform		1,000.00		
<b>KAZAKHSTAN</b>				
Rural Water Supply Secotr				
Improvement of the Road Sector Efficiency				
Deepening of Agricultural Reforms and Development Programs				
A Comprehensive Medium-Term Poverty Reduction Strategy				
Capacity Building for Public Investment Programming				
<b>KIRIBATI</b>				
Outer Islands Development Program				
<b>KYRGYZ REPUBLIC</b>				
Community-Based Early Childhood Development				
Second Phase of the Corporate Governance and Enterprise				
Institutional Strengthening for Community-Based Ingrastructure Services				
Improvement of the Road Sector Efficiency				
Improving the Enabling Environment for Skills and Entrepreneurship				
<b>LAO PEOPLE'S DEMOCRATIC REPUBLIC</b>				
Small Towns Development				
Nam Ngum River Basin Development				
Smallholder Development Project				

**Appendix 1.2 cont ...**

COUNTRY/ Projects	JSF	JSF	ACCSF	ACCSF
	PROJECT PREPARATORY	ADVISORY & OPERATIONAL	PROJECT PREPARATORY	ADVISORY & OPERATIONAL
	(in \$ Thousand)	(in \$ Thousand)	(in \$ Thousand)	(in \$ Thousand)
<b>EAST TIMOR</b>				
Formulating Strategies for Economic and Social Development		650.00		
Strengthening the Microfinance Policy and Legal Framework		250.00		
<b>INDONESIA</b>				
Poor Farmers' Income Improvement	420.00			
Monitoring and Evaluating the Health and Nutrition Sector Development Program (Supplementary)				1,000.00
Public Expenditure Management and the implications of Decentralization				225.00
Promoting Deregulation and Competition				1,500.00
Small and Medium Enterprise Development				
Financial Management System				
Capacity Building for Decentralized Natural Resources Management		775.00		
Support for Health Sector Policy Reform		1,000.00		
<b>KAZAKHSTAN</b>				
Rural Water Supply Secotr				
Improvement of the Road Sector Efficiency				
Deepening of Agricultural Reforms and Development Programs				
A Comprehensive Medium-Term Poverty Reduction Strategy				
Capacity Building for Public Investment Programming				
<b>KIRIBATI</b>				
Outer Islands Development Program				
<b>KYRGYZ REPUBLIC</b>				
Community-Based Early Childhood Development				
Second Phase of the Corporate Governance and Enterprise				
Institutional Strengthening for Community-Based Ingrastructure Services				
Improvement of the Road Sector Efficiency				
Improving the Enabling Environment for Skills and Entrepreneurship				
<b>LAO PEOPLE'S DEMOCRATIC REPUBLIC</b>				
Small Towns Development				
Nam Ngum River Basin Development				
Smallholder Development Project				

**Appendix 1.2 cont ...**

COUNTRY/ Projects	JSF	JSF	ACCSF	ACCSF
	PROJECT PREPARATORY (in \$ Thousand)	ADVISORY & OPERATIONAL (in \$ Thousand)	PROJECT PREPARATORY (in \$ Thousand)	ADVISORY & OPERATIONAL (in \$ Thousand)
<b>SAMOA</b>				
Capacity Building for Urban Planning and Management		500.00		
<b>SRI LANKA</b>				
Eastern Province Coastal Community Development	1,000.00			
Secondary Towns Water Supply and Sanitation				
Plantation Development	800.00			
Postsecondary Education Modernization	500.00			
Governance and Institutional Support for Private Sector Development		1,900.00		
Small and Medium Enterprise Development				
<b>TAJIKISTAN</b>				
Agriculture Rehabilitation				
Strategy for Improved Flood Management				
Improving Barki Tajik's Billing and Collection System		500.00		
Introducing International Accounting Standards at Barki Tajik		500.00		
Institutional and Policy Support in Road Sector				
Improving Aid Coordination and External Debt Management (Technical Assistance Cluster)				
<b>THAILAND</b>				
Capacity Building for Regional Environmental Management				
Education Sector Reforms		700.00		
<b>TUVALU</b>				
To Upgrade the Tuvalu Maritime Training Institute				
<b>UZBEKISTAN</b>				
Urban Social Infrastructure Development	720.00			
Corporate Governance Reform Program	700.00			
Interim Review of Senior Secondary Education System				
Facilitating Development of the Railway Sector		600.00		
<b>VANUATU</b>				
Capacity Building of the Legal Sector				
<b>VIETNAM</b>				
Central Region Poverty Reduction				
Provincial Roads Improvement				
Capacity Building for Prevention of Food-Borne Diseases				
Low-Income Housing and Secondary Towns Urban Development Needs Assessment Study		500.00		
Capacity Building for Water Resources Management (Technical Assistance Cluster)				
Strengthening the Planning Capacity of the Ministry of Agriculture and Rural Development				
<b>TOTAL</b>				

**Appendix 1.3: Regional Technical Assistance Activities (2000)**

<b>COUNTRY</b>	<b>JSF (in \$ Thousand)</b>	<b>ACCSF (in \$ Thousand)</b>
Bangladesh	4,590.00	
Bhutan	1,954.00	
Cambodia	3,386.00	
China, People's Rep. of	11,050.40	
East Timor	900	
Indonesia	2,195.00	5,825.00
Kazakhstan	3,480.00	
Kiribati	350	
Kyrgyz Republic	3,090.00	
Lao PDR	2,300.00	
Maldives	700	
Marshall Islands	340	
Mongolia	2,985.00	
Nauru	300	
Nepal	3,735.00	
Papua New Guinea	1,420.00	
Philippines	3,228.00	1,775.00
Samoa	500	
Sri Lanka	5,600.00	
Tajikistan	3,800.00	
Thailand	1,600.00	
Tuvalu	250	
Uzbekistan	3,020.00	
Vanuatu	330	
Vietnam	4,924.00	
<b>Total</b>	<b>66,027.40</b>	<b>7,600.00</b>

**Appendix 2.1 OECF and ADB Co-financing in Fiscal Year (1986-1998)**

FISCAL YEAR	COUNTRY	NAME OF PROJECT	DATE OF L/A	OECF LOAN AMOUNT (millions)	CO-FINANCING PARTNERS	SECTOR
1986	Bangladesh	Chittagong Area Fertilizer Project (II)	22 Jan. 1987	3,551	IDA/ ADB/ Canada, etc.	Mining and Manufacturing
	<b>TOTAL</b>	<b>1 Loan</b>		<b>3,551</b>		
1987	Thailand	Mae Moh Power Plant Project (Unit 9)	24 Apr. 1987	954	ADB	Electric Power and Gas
	Pakistan	Pat Feeder Canal Rehabilitation and Improvement Project	18 Sep. 1987	1,551	ADB	Irrigation and Flood Control
	Indonesia	Local Road Development Project (II)	8 Dec. 1987	12,882	IBRD/ ADB	Transportation
	<b>TOTAL</b>	<b>3 Loans</b>		<b>15,387</b>		
1988	Indonesia	Local Currency Cost Financing for ADB-Assisted Projects	21 Oct. 1988	6,242	ADB	Others
	Thailand	Highway Sector Project	22 Nov. 1988	4,085	IBRD/ ADB	Transportation
	Philippines	Forestry Sector Program	26 Dec. 1988	15,000	ADB	Commodity Loans
	<b>TOTAL</b>	<b>3 Loans</b>		<b>25,327</b>		
1989	Philippines	Angat Water Supply Optimization Project	9 Feb. 1990	10,560	IBRD/ ADB	Social Services
	Thailand	The Road Improvement Program of Three Major Routes	20 Feb. 1990	12,517	IBRD/ ADB	Transportation
	<b>TOTAL</b>	<b>2 Loans</b>		<b>23,077</b>		

**Appendix 2.1. cont ...**

<b>FISCAL YEAR</b>	<b>COUNTRY</b>	<b>NAME OF PROJECT</b>	<b>DATE OF L/A</b>	<b>OECF LOAN AMOUNT (millions)</b>	<b>CO-FINANCING PARTNERS</b>	<b>SECTOR</b>
1990	Papua New Guinea	Agriculture Sector Program Loan	19 Mar. 1991	2,894	ADB	Commodity Loans
	Philippines	Fisheries Sector Program	27 Mar. 1991	10,575	ADB	Commodity Loans
	Philippines	Road and Road Transport Sector Program	27 Mar. 1991	13,219	ADB	Commodity Loans
	<b>TOTAL</b>	<b>3 Loans</b>		<b>26,688</b>		
1991	India	Emergency Commodity Loan (Energy Sector Loan)	31 May 1991	20,256	ADB	Commodity Loans
	Thailand	Road Improvement Program of Three Major Routes Project (II)	18 Sep. 1991	10,442	IBRD/ ADB	Transportation
	<b>TOTAL</b>	<b>2 Loans</b>		<b>30,698</b>		
1992	India	Hydrocarbon Sector Program	3 Dec. 1992	33,085	ADB	Commodity Loans
	<b>TOTAL</b>	<b>1 Loan</b>		<b>33,085</b>		
1993	Philippines	Forestry Sector Program	19 Aug. 1993	9,294	ADB	Agriculture, Forestry and Fisheries
	Thailand	The Rural Public Long Distance Telephone Project 1992-1996	22 Sep. 1993	3,888	ADB	Telecommunication
	Vietnam	National Highway No.1 Bridge Rehabilitation Project (I)	28 Jan. 1994	3,870	IDA/ ADB	Transportation
	<b>TOTAL</b>	<b>3 Loans</b>		<b>17,052</b>		

**Appendix 2.1. cont ...**

FISCAL YEAR	COUNTRY	NAME OF PROJECT	DATE OF L/A	OECF LOAN AMOUNT (millions)	CO-FINANCING PARTNERS	SECTOR
1994	Bangladesh	Jamuna Multipurpose Bridge Project	14 Jun. 1994	21,562	IDA/ ADB	Transportation
	Thailand	Regional Road Improvement Project	30 Sep. 1994	16,029	ADB	Transportation
	<b>TOTAL</b>	<b>2 Loans</b>		<b>37,591</b>		
1995	Viet Nam	National Highway No.1 Bridge Rehabilitation Project (II)	18 Apr. 1995	2,859	ADB/ IDA	Transportation
	Pakistan	Ghazi Barotha Hydropower Project (I)	22 Mar. 1996	20,000	ADB/ IBRD	Electric Power and Gas
	Viet Nam	National Highway No.1 Bridge Rehabilitation Project (III)	29 Mar. 1996	8,808	ADB/ IDA	Transportation
	Viet Nam	Second National Highway No.1 Bridge Rehabilitation Project	29 Mar. 1996	4,907	ADB/ IDA	Transportation
	<b>TOTAL</b>	<b>4 Loans</b>		<b>36,574</b>		
1996	Nepal	Kali Gandaki "A" Hydroelectric Project	14 Oct. 1996	16,916	ADB	Electric Power and Gas
	Sri Lanka	Plantation Reform Project	23 Oct. 1996	4,076	ADB	Agriculture, Forestry and Fisheries
	Kyrgyz	Bishkek-Osh Road Rehabilitation Project	17 Mar. 1997	3,016	ADB	Transportation
	Lao PDR	Nam Leuk Hydropower Project	29 Oct. 1996	3,903	ADB	Electric Power and Gas

**Appendix 2.1. cont ...**

<b>FISCAL YEAR</b>	<b>COUNTRY</b>	<b>NAME OF PROJECT</b>	<b>DATE OF L/A</b>	<b>OECF LOAN AMOUNT (millions)</b>	<b>CO-FINANCING PARTNERS</b>	<b>SECTOR</b>
	Viet Nam	Second National Highway No.1 Bridge Rehabilitation Project (II)	26 Mar. 1997	2,239	ADB	Transportation
	Pakistan	Ghazi Barotha Hydropower Project (II)	31 Mar. 1997	14,902	IBRD/ ADB/ KfW	Electric Power and Gas
	Pakistan	National Drainage Program Project	31 Mar. 1997	10,832	IBRD/ IDA/ ADB	Irrigation and Flood Control
	<b>TOTAL</b>	<b>7 Loans</b>		<b>55,884</b>		
1997	Bangladesh	Jamuna Bridge Access Roads Project	1 Jul. 1997	6,206	ADB	Transportation
	<b>TOTAL</b>	<b>1 Loan</b>		<b>6,206</b>		
1998	Kyrgyz	Bishkek-Osh Road Rehabilitation Project (II)	26 Oct. 1998	5,250	ADB	Transportation
	Philippines	Metro Manila Air Quality Improvement Sector Development Program	10 Mar. 1999	36,300	ADB	Social Services
	Indonesia	Health and Nutrition Sector Development Program Loan	12 Mar. 1999	35,280	ADB	Social Services
	Viet Nam	Second National Highway No.1 Bridge Rehabilitation Project (III)	30 Mar. 1999	13,170	ADB	Transportation
	<b>TOTAL</b>	<b>4 Loans</b>		<b>90,000</b>		

## Appendix 2.2 Japan Ex-Im Bank and ADB Co-financing in Fiscal Year (1986-1998)

Fiscal Year	Country	Loan Objective	Date of Loan Agreement	JEXIM Loan (Yen Mil.)	Commitment Amount (\$ Mil.)	Other Partners	Type of Loan
1987	None						
1988	Indonesia	Second Untied Loan for Economic Development Project	9 Aug. 1988		576.0	IBRD	
	India	Railway Modernization Projects	10 Aug. 1988		110.0		
1989	Indonesia	The 19th Power Project	10 Nov. 1989		40.0		
	Indonesia	The Third Untied Loan (Economic Development)	28 Dec. 1989		350.0	IBRD	
	Indonesia	The 10th Road Project	28 Dec. 1989		50.0		
	Pakistan	Transmission and Distribution Expansion Projects by the Karachi Electric Supply Corporation, Ltd. (KESC)	18 Jan. 1990		100.0		
1990	Indonesia	Economic Development Project	7 Mar. 1991		200.0	IBRD	
1992	Indonesia	20th Electric Power Project	7 Sep. 1992		110.0		
	Thailand	Gas Pipeline Project	17 Sep. 1992		52.3		
1993	Fiji	Road Upgrading Project (II)	4 Jun. 1993		6.5		
	China	LISC Modernization and Expansion Project	28 Jan. 1994		35.0		

## Appendix 2.2 cont..

Fiscal Year	Country	Loan Objective	Date of Loan Agreement	JEXIM Loan (Yen Mil.)	Commitment Amount (\$ Mil.)	Other Partners	Type of Loan
1994	Thailand	Second Gas Pipeline Project	22 Jun. 1994		100.0		
	Philippines		22 Dec. 1994		150.0		
1995	Pakistan	KESC Sixth Power Project	20 Oct. 1995	6,991	75.0		Untied Loan/ Guarantee
	Indonesia	Natural Gas Pipeline (Sumatra to Batam) Construction Project	23 Oct. 1995		195.0	EIB	Untied
	Philippines	Masinloc Coal-Fired Power Project (II)	27 Mar. 1996	18,800	244.0		Untied
1996	China	Shanghai Undersea Pipeline Project	9 Aug. 1996		120.0		Semi-commercial
1997	Philippines	Sixth National Highway Project	23 Jun. 1997	14,600	300.0		Untied
	India	Natural Gas Pipeline Capacity Improvement Project	23 Feb. 1998	10,100	30.0		Untied
1998	Philippines	Power Sector Restructuring Program Loan	17 Feb. 1999	43,800	300.0		Untied
	Indonesia	Power Sector Restructuring Program Loan	26 Mar. 1999	60,000	400.0		Untied

**ADB** = Asian Development Bank, **JEXIM** = Japan Export-Import Bank, **IBRD** = International Bank for Reconstruction and Development, **EIB** = European Investment Bank

## Appendix 3 : Japan Contact List

### Ministry of Finance

Development Institutions Division  
International Bureau,  
3-1-1, Kasumigaseki,  
Chiyoda-ku, 100-8940, Tokyo  
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FAX: +81-3-5251-2139  
URL: <http://www.mof.go.jp/english/index.htm>

### Ministry of Foreign Affairs (FoFA)

2-2-1, Kasumigaseki,  
Chiyoda-ku, 100-8919, Tokyo  
TEL: +81-3-3580-3311  
URL: <http://www.mofa.go.jp/policy/oda.html>

### Japan Bank for International Cooperation (JBIC)

Press and External Affairs Division  
Policy Planning and Coordination Department  
1-4-1, Otemachi  
Chiyoda-ku, 100-8144, Tokyo  
TEL: +81-3-5218-3100  
FAX: +81-3-5218-3956  
URL: <http://www.jbic.go.jp/english/menu.html>

### Japan International Cooperation Agency (JICA)

Shinjuku Mines Tower  
2-1-1, Yoyogi,  
Shibuya-ku, 151-8558, Tokyo  
TEL: +81-3-5352-5029  
FAX: +81-3-5352-5032  
URL: <http://www.jica.go.jp/english>

### Asian Development Bank (ADB)

Japanese Representative Office  
Yamato Seimei Building  
1-1-7, Uchisaiwaicho,  
Chiyoda-ku, 100-0011, Tokyo  
TEL: +81-3-3504-3160  
FAX: +81-3-3504-3165

### NGOs in Japan

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5F, Maruko Bldg.,  
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TEL: +81-3-3832-5034  
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